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ARIZONA CORPORATION COMMISSION

September 29, 2008

The Honorable Robert P. Casey, Jr.
United States Senate
383 Russell Senate Office Building
Washington, DC 20510

Dear Senator Casey:

We, the members of the Arizona Corporation Commission (ACC), write to you today in support of your testimony this summer before the U.S. Senate Committee on Energy and Natural Resources. In your testimony, you expressed concern that the scope of the implementation and the potential over-use of the new federal transmission line siting authority go beyond the narrow "backstop" authority intended when the 2005 Energy Policy Act was drafted. You relayed Pennsylvania's situation as an energy exporter, evidencing that any state opposition is not just a NIMBY issue, but a concern that over-reaching by the federal authorities may effectively displace the states and substitute the federal government as the ultimate authority responsible for siting electric transmission lines. As a state entity responsible for regulating public utilities and protecting the public interest to this respect, we share your sentiments and concerns.

We firmly believe that the state of Arizona is in the best position to determine the need for transmission line projects in or through our state and the impact of such projects on our residents and the reliability of the regions' electrical transmission grid. We take this role seriously, as demonstrated by both the public, judicial and rigorous fact finding process we use to evaluate all aspects of each transmission project application before approving or denying a project¹ and our proven track record for siting and approving transmission line projects. Since 1999, the ACC has sited approximately 14,800 megawatts of generation and 739 miles of transmission lines. Further generation and transmission line siting projects are pending. As you recognized in your testimony, any decision by FERC or another federal agency to intervene in an Arizona transmission line siting case or to overturn an ACC decision that has been made in a timely manner after careful consideration of the facts circumvents our authority. Furthermore, FERC's backstop authority likely puts state entities that have siting authority at a disadvantage in carrying out their responsibilities due to the added measure of uncertainty in the finality of an entity's decision.

We are aware there may be circumstances in which an applicant did not have access to a reasonable process. We certainly take no issue with a process to review such claims of an

¹ Although the core of the ACC's work is based on the powers and duties spelled out in the Arizona Constitution, plant and transmission line siting is an area of authority delegated to the ACC by the Arizona Legislature. The line siting process is established in Arizona Revised Statutes, Chapter 2, Article 6.2.

applicant with an attendant possibility of some form of federal action to address a legitimate and vetted claim of an unreasonable state-level process or, worse, no process at all. That said, we are all sensitive and aware of the tendency of government to move beyond such a narrow role. We remain concerned that what may have been intended to be a "backup" or "backstop" role, will ultimately and effectively become primary, or de facto primary, authority.

Thank you so much for taking the public position you have on the matter of state versus federal roles in electric transmission matters. We commend you on your efforts to protect states' authority to site transmission lines and projects within their boundaries and encourage you to continue to advocate for the primary and critical role of states in these matters.

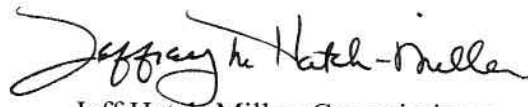
Sincerely,



Mike Gleason, Chairman



William A. Mundell, Commissioner



Jeff Hatch-Miller, Commissioner



Kristin K. Mayes, Commissioner



Gary Pierce, Commissioner